

United States District Court
For the Southern District
Of New York

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17 CV 8851

Paul M. Tabet,
Managing Member
Ventures Trust Management, LLC
Plaintiff

v.

Case No: TBD

Frank G. Mazzola, Individually
Defendant
Facie Libre Associates I, LLC
Defendant
Facie Libre Associates II, LLC
Defendant
Felix Investments
Defendant
Facie Libre Management Associates, LLC
Defendant

William L. Barkow, Individually
Defendant
Facie Libre Associates I, LLC
Defendant
Facie Libre Associates II, LLC
Defendant
Felix Investments
Defendant
Facie Libre Management Associates, LLC
Defendant

Martin W. Enright, Individually
Defendant
Littman Krooks, LLP
Defendant

Daniel Dewolf, Individually
Defendant
Garret Johnston, Individually
Defendant
Mintz Levine Law Firm
Defendant

this action because the claims asserted in it arise out of the statutes and laws of the Southern District of New York where the transaction, complaint, and offenses occurred. Congress has given federal district courts jurisdiction in these types of disputes pursuant to 28 USC §1330 et. seq.

B. Factual Occurrences

In September 2010, a co-manager of Ventures Trust Management ("VTM"), the managing member of Ventures Trust II, LLC ("VT II") met with Frank G. Mazzola, manager of Facie Libre Management and Felix Investments in their offices located at 37th Street, 5th Floor, New York, New York 10004. The purpose of the meeting was to obtain information that would assist VTM's managers in deciding if it were prudent to purchase Facie Libre I and II, LLC investment units. Mr. Mazzola represented that the Facie Libre funds were organized by Felix Investments for the sole purpose of purchasing pre-IPO (Initial Public Offering) Facebook shares.

Following the meeting, the VTM co-manager met with Martin W. Enright, a partner of the Littman Krooks Law Firm, Facie Libre's securities counsel. Mr. Enright represented that the Facie Libre funds were properly organized and in good standing in the states where they were doing business. He also represented that the Facie Libre funds,

with the knowledge and approval of Facebook's management and legal counsel, were authorized purchasers of pre-IPO Facebook shares from former and current Facebook employees.

In October of 2010, Facebook announced a five for one stock split that reduced the cost basis to \$5.25 per share.

In December of 2010 and January of 2011, a total of six hundred thousand dollars (\$600,000.00) was wired from VT II's Tampa, Florida Wachovia Bank account to Facie Libre's New York bank accounts. Coterminous with these wire transfers, the VTM co-manager executed the Facie Libre subscription, limited liability sale and assignment, and operating agreements. VTM did not receive Mr. Mazzola's and Mr. William L. Barklow's jointly signed confirmation of VT II's Facie Libre investments until February 2, 2011.

During the first six months of 2011, VTM's legal representative asked Facie Libre's management to provide an independent confirmation of VT II's Facie Libre holdings. A lawyer from the Mintz Levine Law Firm, Facie Libre's new securities counsel, wrote a letter to VT II's legal counsel and VTM's managers confirming the percent of VT II's ownership in Facie Libre.

In March 2012, Daniel Dewolf, an attorney at Mintz Levine, sent a letter to VTM's managers advising them that Facie Libre was unilaterally cancelling VT II's Facie Libre investment and depositing VT II's \$600,000 investment in a

segregated Facie Libre / Felix checking account. This action was taken in violation of the terms described in the Facie Libre limited liability sale and assignment agreement and its operating agreement. Throughout the spring and fall of 2012, VT II's managers received a number of communications from Felix and Facie Libre managers confirming that VT II, in spite of the Mintz Levine letter, continued to be a Facie Libre investor.

On March 14, 2012, the Securities and Exchange Commission ("SEC") announced that it had filed a law suit against Felix management, Facie Libre management, and Mr. Mazzola for fraud, self-dealing, and other securities law violations.

In May of 2012, Facebook successfully completed its Initial Public Offering.

In the fourth quarter of 2012, Facie Libre principals frequently communicated with VT II's managers describing the process that Facie Libre would use to allocate and distribute either Facebook shares or cash to its investors. One Facie Libre management communication encouraged Facie Libre investors to reinvest their Facie Libre investment capital in other Felix investment management pre-IPO opportunities.

On March 20, 2014, the SEC announced that Felix Management and Mr. Mazzola had settled the SEC's fraud claims against them. In its press release, the SEC described that

from March 2010 through March 2011, Facebook had suspended its Felix and Facie Libre relationship and would not allow Facie Libre to acquire additional Facebook pre-IPO shares. During this time frame, Facie Libre continued to solicit investors, like VT II, to purchase Facebook shares.

As of November 7, 2017, VT II has not received the 114,285 Facebook shares that it purchased for \$5.25 per share from Facie Libre or, in the alternative, the cash distribution promised by Facie Libre management. Furthermore, Facie Libre / Felix has not returned VT II's \$600,000.00 investment that was wrongfully converted or embezzled by Facie Libre / Felix officers and Mintz Levine.

C. Causes of Action

The Defendants knowingly and intentionally disregarded their fiduciary duty and participated in the following causes of action: 1) Breach of Contract, 2) Securities Fraud, 3) Mail Fraud, 4) Breach of Fiduciary Duty, 5) Conversion, 6) Embezzlement.

These causes of action arise from the fact that at the time of soliciting Ventures Trust II's investment, the Defendants fraudulently claimed that they had pre-IPO Facebook shares to sell, accepted VT II's investment capital, inflated the purchase price and sales commission of the Facebook shares to hide their ill gotten financial gain, and

subsequently, in violation of the Facie Libre's sale and assignment and operating agreements, converted / embezzled VT II's investment capital.

D. Conclusion

Ventures Trust Management, LLC and Paul M. Tabet, its managing member, are seeking a trial by jury in this action. Also, they are seeking \$19,428,450 in damages (114,285 shares of Facebook at a share price of \$170.00 per share) from the Defendants. Plaintiff also requests any punitive damages and equitable relief that this Honorable Court deems just and proper. Finally, Plaintiff seeks attorney's fees and costs.

Done this 6 of November 2017.

Respectfully submitted,



Paul M. Tabet
Managing Member
Ventures Trust Management, LLC